

**3/23/78**

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# WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
Memo	Brzezinski to Pres. Carter, 4 pp. re:Mtg. w/FRG Foreign Minister	3/23/78	A
Memo	Brzezinski to Pres. Carter, 17 pp. re:conventional arms transfers	3/23/78	A
Memo	Brzezinski to Pres. Carter, 5 pp. re:Mtg. w/HIRC & SFRC on Mid-East arms sales	3/23/78	C

## FILE LOCATION

Carter Presidential Papers-Staff Offices, Office of Staff Sec.-Presidential Handwriting File 3/23/78 Box 77

## RESTRICTION CODES

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8:00 Dr. Zbigniew Brzezinski - The Oval Office.

8:45 Meeting with Senate Foreign Relations  
(30 min.) Committee. (Mr. Frank Moore) -  
The Cabinet Room.

10:00 Mr. Jody Powell - The Oval Office.

10:30 Signing of Executive Order to Improve  
(15 min.) Government Regulations. (Mr. James  
McIntyre) - The Roosevelt Room.

11:00 Meeting with The Right Honorable James  
(60 min.) Callaghan, M.P., Prime Minister of the United  
Kingdom and Northern Ireland. (Dr. Zbigniew  
Brzezinski) - The Oval Office and  
The Cabinet Room.

12:00 Luncheon Honoring Prime Minister James Callaghan.  
First Floor Private Dining Room.

7:50 Depart South Grounds via Motorcade  
en route the Kennedy Center.

8:00 DON QUIXOTE (BLACK TIE).



1491

THE WHITE HOUSE  
WASHINGTON

March 23, 1978

Zbig Brzezinski  
Frank Moore

The attached was returned in the President's outbox today and is forwarded to you for appropriate handling.

Frank - The attached letters to Dante Faxcell and Senator Pell are forwarded to you for delivery.

Zbig - The attached letter to Ambassador Sherer is forwarded to you for delivery.

Rick Hutcheson  
CSCE LETTERS



THE WHITE HOUSE  
WASHINGTON

3/22/78

Mr. President:

Frank Moore has no comment.

Rick



MEMORANDUM

THE WHITE HOUSE

WASHINGTON

1564

~~2455~~

ACTION

March 17, 1978

MEMORANDUM FOR:

THE PRESIDENT

FROM:

ZBIGNIEW BRZEZINSKI

*RB for*

SUBJECT:

CSCE Letters

At Tab A is a thank you letter to Dante Fascell, Chairman of the Commission on Security and Cooperation in Europe, for the work he and the Commission did on the recent Belgrade CSCE Conference. At Tab B is a letter to Senator Pell (the Co-Chairman), and at Tab C is a letter to Ambassador Sherer, Deputy to Justice Goldberg.

These letters have been cleared with Jim Fallows and with the State Department.

RECOMMENDATION:

That you sign the letters at Tabs A-C.



THE WHITE HOUSE

WASHINGTON

March 23, 1978

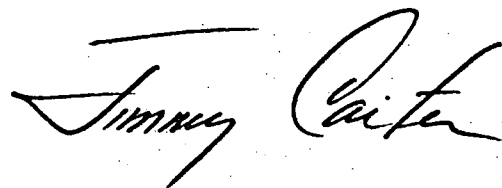
To Ambassador Albert Sherer

I want to express my appreciation to you for the excellent work you did at the recent Belgrade Review Conference. Your efforts in support of Justice Goldberg, and as a vital member of the U.S. delegation, were a major factor in the success of the Conference.

Your efforts were in the finest traditions of the Foreign Service, and I am proud of you.

With best regards,

Sincerely,

A handwritten signature in cursive script, reading "Jimmy Carter". The signature is written in dark ink and is positioned to the right of the word "Sincerely,".

The Honorable Albert W. Sherer, Jr.  
The Department of State  
Washington, D. C. 20520



THE WHITE HOUSE

WASHINGTON

March 23, 1978

To Senator Claiborne Pell

I want to add my own personal word of thanks and appreciation for the fine work that you did, as Co-Chairman of the Commission on Security and Cooperation in Europe, during the recent Belgrade Review Conference.

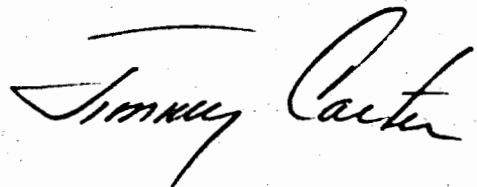
A large measure of our success at the conference was due to the work of the Commission, and to your own personal leadership. I believe that the cooperation between the Commission and the Administration was in the finest tradition of legislative-executive relations in foreign policy, and gives us an excellent basis for continuing to work together on all the issues that are part of the Helsinki process.

During the time leading up to the Madrid Review Conference, I look forward to working with the Commission, and with you, personally, as we continue to make clear our commitment to the Helsinki Final Act, and our concern that it be implemented in all of its aspects -- especially human rights.

What you and the Commission have done has earned the pride and respect of all Americans, which I fully share.

With best regards,

Sincerely,

A handwritten signature in dark ink, reading "Jimmy Carter". The signature is fluid and cursive, with the first name "Jimmy" and last name "Carter" clearly distinguishable.

The Honorable Claiborne Pell  
Co-Chairman  
Commission on Security and  
Cooperation in Europe  
United States Senate  
Washington, D. C. 20510



THE WHITE HOUSE

WASHINGTON

March 23, 1978

To Congressman Dante Fascell

Now that the Belgrade Review Conference has concluded, I want to extend my personal thanks to you for the excellent work that you and the Commission did on all phases of the Conference's work. Under your leadership, the Commission played a major role in the Conference, and in particular in highlighting the concerns of the American people about the pursuit of human rights. You and other Congressional members of the Commission who attended the Conference -- as well as your staff members who worked side-by-side with Administration delegates -- demonstrated the deep interest we all had in the success of the Conference. Much of the credit for the success we achieved -- both in a full and frank review of implementation of the Final Act, and in moving the Helsinki process forward -- belongs to you and your colleagues.

I found your speech to the Chicago Council on Foreign Relations to be particularly inspiring, and representative of the deepest ideals of our nation.

I hope that the work of the Commission will continue, as we look toward the next Review Conference in Madrid in 1980. You will have the full and close support of my Administration, as we work together to keep the important issues in the Helsinki Final Act before the American people and the world community.



You have set a high standard for cooperation between the Congress and the Administration in a vital area of American foreign policy; and I am proud of the work that you have done.

With best personal regards,

Sincerely,

A handwritten signature in cursive script, reading "Jimmy Carter". The signature is written in dark ink and is positioned to the right of the word "Sincerely,".

The Honorable Dante B. Fascell  
Chairman  
Commission on Security and  
Cooperation in Europe  
House of Representatives  
Washington, D. C. 20515




ID 781491

THE WHITE HOUSE

WASHINGTON

DATE: 20 MAR 78

FOR ACTION: FRANK MOORE 

INFO ONLY:

SUBJECT: BRZEZINSKI MEMO RE CSCE LETTERS - DNATE FASCELL, SEN.  
PELL AND AMBASSADOR SHERER

+++++  
+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +  
+ BY: 1200 PM WEDNESDAY 22 MAR 78 +  
+++++

ACTION REQUESTED:

STAFF RESPONSE: ( ) I CONCUR. ( ) NO COMMENT. ( ) HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:



THE WHITE HOUSE  
WASHINGTON

X	FOR STAFFING
	FOR INFORMATION
	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
		MONDALE
		COSTANZA
		EIZENSTAT
		JORDAN
		LIPSHUTZ
X		MOORE
		POWELL
		WATSON
		McINTYRE
		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	GAMMILL

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN



1612

THE WHITE HOUSE  
WASHINGTON

March 23, 1978

Frank Moore

The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.

Rick Hutcheson

RE: MEETING WITH THE HOUSE  
INTERNATIONAL RELATIONS COMMITTEE  
ON MIDDLE EAST ARMS SALES



THE WHITE HOUSE  
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
/	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
		MONDALE
		COSTANZA
		EIZENSTAT
		JORDAN
		LIPSHUTZ
/		MOORE
		POWELL
		WATSON
		McINTYRE
		SCHULTZE

	ENROLLED BILL
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	GAMMILL

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN



THE PRESIDENT HAS SEEN.

THE WHITE HOUSE  
WASHINGTON

March 22, 1978

4:45 PM

Frank  
not done  
J

MEMORANDUM FOR THE PRESIDENT

FROM: FRANK MOORE *J.m./pd*

RE: MEETING WITH THE HOUSE INTERNATIONAL RELATIONS  
COMMITTEE ON MIDDLE EAST ARMS SALES

If it seems appropriate at the conclusion of your meeting today with the Committee, it would be helpful if you could take Chairman Zablocki aside and tell him that you are about to make decisions on the Administration's position on the Humphrey bill to reorganize foreign aid. In this context, you would appreciate any thoughts or advise he might have.



3/23/78

THE WHITE HOUSE  
WASHINGTON

John

Profoundly disappointed

- > Human Rts
- > Arms sales policy
- > Link Arms  $\leftrightarrow$  Cyprus
- > Support Pagantheon

Eagleton

Open airport Moscow

Road N. Farmington

Open Housing in "



THE WHITE HOUSE  
WASHINGTON  
March 23, 1978

Frank Moore

The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.

Rick Hutcheson

cc: Hugh Carter

CAMP DAVID



THE WHITE HOUSE  
WASHINGTON

March 23, 1978

MEMORANDUM FOR THE PRESIDENT

FROM:

FRANK MOORE

*f.m/pd*

Nancy, the children, and I are leaving tomorrow morning to spend a few days in Georgia. We will return to Washington Tuesday evening.

I have given my mother's phone number to both the White House operators and the Signal Board should you want to reach me.

Next weekend, March 31, we are hoping to use Camp David. There is a possibility that my mother will return to Washington with us, and I would like to be able to take her to Camp David with your approval.

Approve \_\_\_\_\_

Disapprove \_\_\_\_\_

*J - notify  
Hugh*



## Visit of Prime Minister Callaghan

### Departure Talking Points

1. This is the second time that the Prime Minister has visited me at the White House. And like his visit almost exactly a year ago, it has demonstrated the closeness of the ties between our two countries, and between us personally. I have not seen the Prime Minister since I visited London for the Summits last May, and enjoyed visiting Newcastle and the North of England with him.
2. Today, we have been discussing a wide range of issues that are of importance to our two countries. This is appropriate between the leaders of our two nations, and it is extremely valuable for me to gain Prime Minister Callaghan's wisdom and advice on critical problems. We are common partners in NATO; we are seeking with other nations to enhance the strength of the Western economy; we are engaged together in trying to bring about a settlement in southern Africa; and we are both deeply concerned about the situation in the Middle East.
3. I am looking forward to building on these conversations in my meetings with other leaders; and to seeing the Prime Minister again, both here at the NATO Summit at the end of May, and at the 7-Nation Summit in Bonn this summer.



THE PRESIDENT HAS SEEN

THE SPECIAL REPRESENTATIVE FOR  
TRADE NEGOTIATIONS  
WASHINGTON  
20506

9

March 22, 1978

MEMORANDUM FOR THE PRESIDENT

From: Ambassador Robert S. Strauss

Subject: Your Discussions with Prime Minister Callaghan

I will not be seeing Prime Minister Callaghan during his visit, so I must impose upon you to request you to take care of some of our trade matters.

You should remind him of our joint commitment to achieve a substantial liberalization and reform of world trade in the Tokyo Round of trade negotiations.

You should request their support for completion of all political decisions by the end of July and a final document as soon as possible thereafter.

British support for a major reduction of tariffs has been somewhat lukewarm and has been totally negative to our efforts to open up government purchasing to wider participation by foreign suppliers. Also, the British Government has taken the lead in arguing for changes in safeguard rules that would make it easier for governments to restrict imports (we are trying to meet them part way on this issue).

I would strongly urge you to reinforce your determination to achieve a substantial reduction of tariffs and of non-tariff barriers such as restrictions on foreign procurement by governments. You may also want to express to him the need for some caution in loosening up the safeguard rules and remind him that it might become much more difficult for the United States to resist domestic pressures for protection if the international rules are loosened and if the practices of other countries result in widespread use of restrictions. (During the last few weeks, the British Government has taken selective action to restrict imports of Korean TV sets, and the Japanese automobile industry has begun to restrict their exports to the U.K.)



THE PRESIDENT HAS SEEN.

THE WHITE HOUSE  
WASHINGTON

March 23, 1978


MEMORANDUM FOR THE PRESIDENT

FROM: FRANK MOORE *f.m./pd*

Senator Bentsen telephoned me today asking that I let you know that he strongly supports your stand on the Middle East.

The Senator advised me that he spoke to a group of Jewish leaders from Texas yesterday and informed them in no uncertain terms of his total support for your position.

FYI, no action necessary.







THE PRESIDENT HAS SEEN.  
EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

March 23, 1978

10:30 AM

C

MEMORANDUM FOR THE PRESIDENT

FROM: ~~Mr.~~ Jim McIntyre

*Wayne Hayes*

SUBJECT: Signing of Executive Order to Improve Government Regulations

Date: March 23

Room: Roosevelt Room

Time: 10:30 a.m.

- I. Participants - 18 heads of executive departments and independent regulatory agencies (list attached)
- II. Press Plan - 10-minute signing ceremony and Presidential remarks (attached) -- open coverage, followed by 20-minute private meeting (talking points attached)
- III. Background

This Executive Order is the triggering mechanism for improving the regulatory process throughout the Federal Government. While it directly affects only the executive agencies, this meeting will reaffirm your concern that the rulemaking reforms be implemented in the independent regulatory agencies as well.

The signing ceremony and public remarks have two purposes:

1. To announce the executive order, which implements commitments made in the campaign, the first fireside chat and the State of the Union; and
2. To identify the successful reform efforts of agencies such as OSHA, FCC, CAB and EEOC as Administration-wide objectives.



## INVITEES TO THE SIGNING CEREMONY

### WHITE HOUSE

1. Walter Mondale
2. James McIntyre
3. Stu Eizenstat
4. Charles Schultze
5. Dick Pettigrew
6. Jack Watson

### STAFF

21. Harrison Wellford
22. Wayne Granquist
23. Stan Morris
24. Diane Steed
25. Susan Geiger
26. Fred Emery
27. Nina Cornell

### CABINET DEPARTMENTS AND AGENCIES

7. W. Michael Blumenthal
8. Hale Champion (Secretary Califano  
had long-standing commitment to  
testify on welfare reform)
9. Douglas Costle
10. Ray Marshall
11. Eula Bingham
12. Juanita Kreps
13. Robert Bergland
14. Carol Foreman
15. Brock Adams
16. Joan Claybrooke
17. James Schlesinger
18. John O'Leary

### INDEPENDENT AGENCIES

19. Alfred Kahn
20. Charles Ferris



TALKING POINTS



The remarks prepared for the signing ceremony are entirely too long and lack any punch.

I suggest that you make the following points:

- Your Executive Order marks the first time the Executive Branch of the government has attempted in a fundamental way to improve the government regulatory process by making regulations simpler and less burdensome.
- Greater accountability is built into the regulatory process since agency heads are required to publish a list semiannually of significant regulations under development or review, and because of a greater opportunity for public participation.
- Before any significant regulation can be published in the Federal Register for comment the agency head must determine that the regulation is needed, that the regulation is the least burdensome alternative, that the regulation is written in plain English and is understandable, that the person who has written the regulation is identified by name, and that an estimate has been made of the reporting burdens required by the regulation.
- For regulations which can have a significant impact on the general economy or which can have a major impact on costs or prices, the agency head must follow a regulatory analysis, which describes the alternate ways of dealing with the problem considered by the agency, an analysis of the economic consequences and a detailed explanation of why the alternative in question was chosen.
- In addition, you are asking agency heads to periodically review their existing regulations to determine whether they are achieving their policy goals and if not, to eliminate them.
- The Office of Management and Budget will give its full resources to the implementation of this program.
- This procedure will help control the inflationary costs of regulations and will reduce the burden on the public of regulations.



1411

THE WHITE HOUSE  
WASHINGTON

March 23, 1978

Frank Moore

The attached was returned in  
the President's outbox. It is  
forwarded to you for your  
information.

Rick Hutcheson

CALL FROM CONG. HELEN MEYNER -  
ARMS SALES TO ISRAEL AND SAUDI  
ARABIA



THE WHITE HOUSE  
WASHINGTON

*Frank J*

MARCH 23, 1978  
Thursday - 8:25 a.m.

MR. PRESIDENT

CONGRESSWOMAN HELEN MEYNER (NEW JERSEY)  
CALLED TO TELL YOU WHAT A GREAT JOB YOU  
DID YESTERDAY. YOU ARE RIGHT ON THE  
ARMS SALES TO ISRAEL AND SAUDI ARABIA  
AND RIGHT ON YOUR POSITION ON RESOLUTION  
242. JUST WANTED YOU TO HAVE SOME  
ENCOURAGEMENT FOR A CHANGE.

T.K.



THE WHITE HOUSE  
WASHINGTON

March 23, 1978

Bob Lipshutz  
Stu Eizenstat  
Jim McIntyre

The attached was returned in the President's outbox today and is forwarded to you for appropriate handling. The signed originals have been given to Bob Linder for delivery.

Rick Hutcheson

cc:

Jim Fallows  
Bob Linder

RE: EXECUTIVE ORDER ON IMPROVING  
GOVERNMENT REGULATIONS



THE WHITE HOUSE  
WASHINGTON

7/23/78

To Bob, Stu

# 6 (6)(5) [I

see we're not using  
the simple # designations  
I worked out for  
the Intelligence EO]

Seems superfluous -  
covered in 1st sentence.

J.C.



THE WHITE HOUSE

WASHINGTON

3/22/78

Mr. President:

Eizenstat (comments attached), Lipshutz, Schultze and Watson concur with McIntyre.

ACTIONS/DECISIONS REQUESTED:

TAB A - Approve the Executive Order (signing ceremony scheduled for 10:30 AM, Thursday).

TAB B - Sign letter to Chairman Kahn of the CAB. Identical letters to heads of 16 other independent regulatory agencies can be signed by Susan, with your approval.

TAB C - Sign memo explaining the Executive Order to Heads of Departments and Agencies.

TAB D - Approve release of the signing statement.

Jim Fallows office has reviewed the documents listed above.

Rick





EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

10:30 AM

*Jim. Devote top  
effort to enforcement.  
I will help you  
personally -  
J.C.*

MAR 15 1978

MEMORANDUM FOR THE PRESIDENT

FROM: JAMES T. MCINTYRE *Jim*

SUBJECT: Executive Order on Improving Government Regulations

As promised in the State of the Union, the Executive Order on Improving Government Regulations is ready for your approval. Jody Powell is scheduling a signing ceremony for next Thursday, March 23, 1978. This Order carries out your pledge to the American people that regulations be written in plain English and that they not impose unnecessary burdens.

As you know, this Executive Order was drafted in order to:

1. Increase public participation in and understanding of government regulations;
2. Assure effective oversight of the process for developing agency regulations by agency decisionmakers;
3. Assure rigorous analysis of regulations that will have major consequences for the general economy; and
4. Initiate a review of existing regulations to assure that they are achieving policy goals effectively and efficiently.

In keeping with the spirit of the Order, it was published in draft form in the Federal Register for public comment. This was the first time in history that a President had asked for public comment on an Executive Order before it was issued. More than 350 letters were received voicing overwhelming support and encouragement.



The Executive Order is intended to apply to informal rulemaking proceedings where significant general policy regulations are developed and where there is not now sufficient public involvement and agency accountability. You should note that not all regulations are covered by this Order. For example, regulations developed by formal rulemaking proceedings tend to be narrowly focused on litigative issues and are governed by specific statutory requirements that assure adequate public participation. Similarly, procurement regulations are excluded since they are required by statute to be developed in an open process and a major consolidation and review of these regulations is already underway. The Order, therefore, concentrates on the areas of greatest need.

Finally, two issues require decisions by you: (1) whether or not to apply the Order to independent regulatory commissions and (2) how best to enforce the Order.

#### Issue 1 - Coverage of the Independent Regulatory Commissions

##### Background

The relationship of the President to the independent regulatory commissions has long been the subject of dispute. While the Senate and House view them as "arms of the Congress," the public associates the regulatory actions of the independent agencies with the President and the Executive Branch.

There is, however, no clear legal definition of the extent to which a President may direct the activities of an independent commission through Executive Orders. The Department of Justice is of the opinion that the President has the constitutional and statutory authority to require independent agencies to comply with the procedural reforms in this Executive Order. That view is strongly contested by all but one of the independent agencies that commented (the Nuclear Regulatory Commission made no objection), and by many Senators and Congressmen.



The Chairmen of the Senate Judiciary and Governmental Affairs Committees and the Chairmen of the House and Senate Commerce Committees are particularly opposed to applying the Executive Order to independent agencies. While supportive of the procedural requirements spelled out in the Order, they view its application to the independents as a direct challenge to their independence and to Congressional control. The same issue of authority will arise again soon over whether CEQ's regulations on NEPA can be applied to the independent commissions. The policy should be coordinated in both cases.

The public comments on the proposed Order were overwhelmingly in favor of applying it to the independent commissions, with the notable exception of the Business Roundtable, which was doubtful of the legal authority of the President to do so.

#### Recommendation

We believe that applying the Executive Order to the independent regulatory agencies would provoke a confrontation with the Congress and attract attention away from the substantial improvements the Order can make in the management of regulation in the Executive Branch.

We recommend, therefore, that you exclude the 18 independent commissions from the language of the Order and request the Chairmen of these agencies (most of whom are your designees) to take appropriate steps to carry out the policies of the Order in their agencies. You should also ask them to report their progress periodically to you and the Congress. At the same time, however, you will need to stress the importance of working with the Congress to ensure more effective accountability for the independent regulatory agencies.



## Issue 2 - Enforcement

### Background

The Order contains a number of specific requirements but leaves many important decisions to the discretion of the departments and agencies.

The draft Order contained a very limited role for OMB in assuring that the Order was implemented. It also contained a statement that nothing in the Order should be grounds for court review of agency compliance. The public perceived these two conditions as a lack of "teeth" and a fundamental flaw in the Order.

Much of the public support for the Order was conditioned upon strengthening the enforcement of its provisions. Many respondents were doubtful that agencies would comply with the fullest intent of the Order. They felt that adequate enforcement must come through either court review of agency action or strong OMB enforcement of the Order.

We continue to believe that court review would be counter to the intent of the Order. Court review of compliance with the Order could add significant delays to the regulatory process. Moreover, if regulations are delayed or overturned due to a court decision on the adequacy of a regulatory analysis, Congress might pass legislation to prevent agencies from performing such analyses. Although we cannot explicitly prohibit judicial review of agency compliance with this Order, it is important to take every possible action to minimize the possibility of the Courts becoming involved in determining the adequacy of the regulatory analysis as they have with Environmental Impact Statements. We would rather rely on the Regulatory Analysis Review Group (which was approved by you and is under the direction of CEA) to enforce the adequacy of the analysis and we will stress this point when we issue the final Order.



However, public concern for effective enforcement still needs to be addressed. Members of the public frequently called for a stronger OMB enforcement role. In addition, they often called for an OMB role in addressing overlapping and conflicting regulations.

A formal requirement for an OMB approval or appeal process on the substance of individual regulations would be undesirable and counter to the emphasis on agency accountability in the Executive Order. OMB can assure effective agency compliance with the Order by the power of persuasion, backed up by its ability to focus high-level attention on specific problems, and by regular reports to the President on individual agency performance. Flagrant abuses of the Order would be subject to the fullest attention and action of OMB, but in most cases OMB will work with the agencies to help achieve the goals of this Order. I will assure that adequate resources are devoted within OMB to these important efforts.

#### Recommendation

The Order requires OMB to report semiannually to the President on the effectiveness of the Order. In addition, we suggest that language to discourage judicial review be left in the Order as an indication of our intent to minimize delay.

#### Next Steps

If you agree with our conclusions on both these issues, we recommend that you:

- (1) Approve the Executive Order. (The Justice Department has cleared the legality and form of the Order.) TAB A.
- (2) Sign letters to the independent regulatory agency Chairmen. TAB B.
- (3) Sign a memorandum to the Heads of Departments and Agencies explaining the relationship of the Order to intergovernmental consultations. TAB C.
- (4) Review the draft signing statement. TAB D.

#### Attachments



THE WHITE HOUSE  
WASHINGTON

LIST OF RECIPIENTS FOR LETTER AT TAB B:

Civil Aeronautics Board  
Commodity Futures Trading Commission  
Consumer Products Safety Commission  
Federal Communications Commission  
Federal Deposit Insurance Corporation  
Federal Election Commission  
Federal Energy Regulatory Commission  
Federal Home Loan Bank Board  
Federal Maritime Commission  
Federal Reserve Board  
Federal Trade Commission  
Interstate Commerce Commission  
National Labor Relations Board  
Nuclear Regulatory Commission  
Occupational Safety & Health Review Comm.  
Postal Rate Commission  
Securities and Exchange Commission



THE WHITE HOUSE

WASHINGTON

Dear Mr. Chairman:

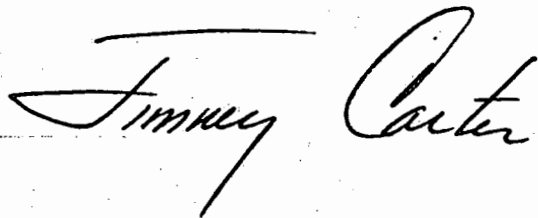
Today I issued an Executive Order to improve government regulations. This Order will open up new opportunities for public participation in the regulatory process, require regulations to be clearer and more understandable, and assure more effective oversight of the development of agency regulations.

I believe that this effort is one of the most important reform initiatives to be undertaken by my Administration. I have asked the members of the Cabinet and other agency heads to give personal priority and attention to implementing the Order. To be fully effective and achieve the full range of needed improvements, I believe that it would be useful for the independent regulatory commissions to initiate a voluntary effort to achieve similar procedural reforms.

As you know, public comment on whether or not to apply these procedures to independent regulatory agencies was specifically sought in the November 18, 1977 notice in the Federal Register. The overwhelming response was that these agencies should adopt the provisions of the Order. The public is seeking a change. They are encouraging us to seek new approaches to the way in which government regulates. They point out that if regulations were simpler, less burdensome, and more clearly understandable, people would be better able to comply with them.

I believe that the new spirit of openness, simplicity and clarity advocated in this Executive Order responds to the public's concerns. I know that many important reforms are already underway in the independent agencies and I believe that the requirements of the Order complement these efforts. I am asking you as Chairman of your agency to initiate your own program to incorporate the provisions of the Order. In addition, it would be useful for you to report progress on your efforts to the Congress and to me by June 30, 1978. I look forward to reviewing these reports.

Sincerely,

A handwritten signature in cursive script, reading "Jimmy Carter". The signature is written in dark ink and is positioned to the right of the word "Sincerely,".

The Honorable Alfred Edward Kahn  
Chairman  
Civil Aeronautics Board  
Washington, D.C. 20428



THE WHITE HOUSE

WASHINGTON

MEMORANDUM FOR THE HEADS OF

EXECUTIVE DEPARTMENTS AND AGENCIES

In order to assure full State and local participation in the development and promulgation of Federal regulations with significant intergovernmental impact, I want the Departments to develop procedures in the following manner:

- ° I have asked the national organizations representing general purpose State and local governments (including the National Governors' Association, the National Conference of State Legislatures, the Council of State Governments, the National League of Cities, the United States Conference of Mayors, the National Association of Counties, and the International City Management Association) to systematically review the semi-annual regulation agendas to be published in the Federal Register by each executive department and agency.
- ° Any of these national organizations should notify the appropriate executive department or agency if it believes that a regulation included on an agency regulation agenda would have major intergovernmental significance. Notification should be made through the senior intergovernmental officials whose names I announced in a Federal Register notice on September 20, 1977.
- ° Upon receipt of notification from any of the above named organizations, the agency shall develop a specific plan for consultation with State and local governments in the development of that regulation. Such consultation shall include the solicitation of comments from the above named groups, from other representative organizations and from individual State and local governments as appropriate.



Consistent with my memorandum to you of February 25, 1977, whenever major agency regulations identified as having major intergovernmental significance are submitted to the Office of Management and Budget for review or are published in the Federal Register, those proposed regulations shall be accompanied by a brief description of how State and local governments have been consulted, what the nature of the State and local comments was, and how the agency dealt with such comments.

As you implement the new Executive Order, I expect that you will include in your revised agency procedures, provisions which will institute intergovernmental consultation described in this memorandum.

Because the goals and procedures of the new Order duplicate those of the OMB circular now governing the consultation process, OMB has rescinded it. However, nothing in this memorandum shall be construed as in any way diminishing the affirmative obligation of the executive departments and agencies to actively seek out, encourage, and facilitate the submission of State and local comments in the development of Federal regulations in any other ways appropriate to the agency and the proposed regulation.

A handwritten signature in cursive script, reading "Jimmy Carter". The signature is written in dark ink on a light background.



## STATEMENT BY THE PRESIDENT

I have often said that the American people are sick and tired of excessive Federal regulation. To many citizens who have to deal with it on a regular basis, the Federal Government has become like a foreign country, complete with its own interests and its own language.

As a farmer and a small businessman, and later as a governor, I shared this resentment and frustration. I resented the cost of Government red tape, the interference it represented in my business and personal life and, not least of all, having to deal with the bureaucratic gobbledygook itself. I know I am not alone in this frustration. Many Members of Congress have expressed to me their personal concerns in this area.

I came to Washington to reorganize a Federal Government which had grown more preoccupied with its own bureaucratic needs than with those of the people. This executive order is an instrument for reversing this trend. It promises to make Federal regulations clearer, less burdensome and more cost-effective.

First, it will direct that regulations be written in plain English. Government regulations are usually written by experts for experts. Your clear mandate will be to translate regulations into language a small businessman -- who must be his own expert -- can understand.

Second, this Order opens up the regulatory process to broad public involvement. It requires that departments and agencies issue regular "early warning" announcements of any significant new regulatory action that is being considered. This announcement must contain the name and telephone number of a specific official responsible in this area.



Third, it requires that you be personally and clearly accountable for the regulations that are being considered. You must sign off on items on the agency agenda; be satisfied that feasible alternatives have been carefully examined; and assure that regulatory burdens are reduced. It requires that the public be given the name, address, and telephone number of a knowledgeable agency official who can answer questions about new regulations.

Fourth, it directs that whenever a regulation may have a major economic consequence, the agency must conduct an early and rigorous examination of all alternatives of achieving the stated objective. This requirement will ensure that Federal regulations are cost effective and impose minimum economic burdens on the private sector.

Finally, and very importantly, it requires every agency to undertake a systematic, "sunset" review of existing regulations. The agencies are to eliminate those which are unnecessary and reform others to reduce the burden to the minimum.

Many of these reforms are already underway at EPA as well as HEW, DOT, Labor, and the Department of Energy.

I am confident that efforts of executive agencies to carry out this Order will be matched by similar efforts on the part of the independent regulatory agencies. Many commissions are already well on their way in this regard. The Federal Communications Commission, for example, has just completed their rewrite of regulations that affect millions of CB radio owners. Here's a line from the old version:

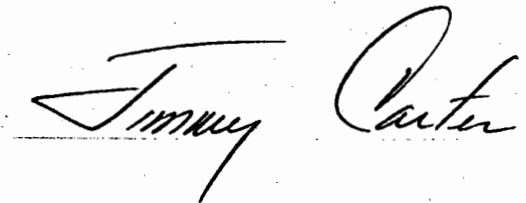


"Except as provided in paragraph B of this section, applications, amendments thereto, and related statements of fact required by the Commission shall be personally signed by the applicant, if the applicant is an individual."

Instead of that gobbledygook, the new version says:

"If you are an individual, you must sign your own application personally."

This is an example of the kind of change the executive order is meant to encourage.

A handwritten signature in cursive script, reading "Jimmy Carter". The signature is written in dark ink on a light background.



## EXECUTIVE ORDER

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### IMPROVING GOVERNMENT REGULATIONS

As President of the United States of America, I direct each Executive Agency to adopt procedures to improve existing and future regulations.

Section 1. Policy. Regulations shall be as simple and clear as possible. They shall achieve legislative goals effectively and efficiently. They shall not impose unnecessary burdens on the economy, on individuals, on public or private organizations, or on State and local governments.

To achieve these objectives, regulations shall be developed through a process which ensures that:

- (a) the need for and purposes of the regulation are clearly established;
- (b) heads of agencies and policy officials exercise effective oversight;
- (c) opportunity exists for early participation and comment by other Federal agencies, State and local governments, businesses, organizations and individual members of the public;
- (d) meaningful alternatives are considered and analyzed before the regulation is issued; and
- (e) compliance costs, paperwork and other burdens on the public are minimized.

Sec. 2. Reform of the Process for Developing Significant Regulations. Agencies shall review and revise their procedures for developing regulations to be consistent with the policies of this Order and in a manner that minimizes paperwork.

Agencies' procedures should fit their own needs but, at a minimum, these procedures shall include the following:



(a) Semiannual Agenda of Regulations. To give the public adequate notice, agencies shall publish at least semiannually an agenda of significant regulations under development or review.

On the first Monday in October, each agency shall publish in the Federal Register a schedule showing the times during the coming fiscal year when the agency's semiannual agenda will be published. Supplements to the agenda may be published at other times during the year if necessary, but the semiannual agendas shall be as complete as possible. The head of each agency shall approve the agenda before it is published.

At a minimum, each published agenda shall describe the regulations being considered by the agency, the need for and the legal basis for the action being taken, and the status of regulations previously listed on the agenda.

Each item on the agenda shall also include the name and telephone number of a knowledgeable agency official and, if possible, state whether or not a regulatory analysis will be required.

The agenda shall also include existing regulations scheduled to be reviewed in accordance with Section 4 of this Order.

(b) Agency Head Oversight. Before an agency proceeds to develop significant new regulations, the agency head shall have reviewed the issues to be considered, the alternative approaches to be explored, a tentative plan for obtaining public comment, and target dates for completion of steps in the development of the regulation.



- (c) Opportunity for Public Participation. Agencies shall give the public an early and meaningful opportunity to participate in the development of agency regulations. They shall consider a variety of ways to provide this opportunity, including (1) publishing an advance notice of proposed rulemaking; (2) holding open conferences or public hearings; (3) sending notices of proposed regulations to publications likely to be read by those affected; and (4) notifying interested parties directly.

Agencies shall give the public at least 60 days to comment on proposed significant regulations. In the few instances where agencies determine this is not possible, the regulation shall be accompanied by a brief statement of the reasons for a shorter time period.

- (d) Approval of Significant Regulations. The head of each agency, or the designated official with statutory responsibility, shall approve significant regulations before they are published for public comment in the Federal Register. At a minimum, this official should determine that:

- (1) the proposed regulation is needed;
- (2) the direct and indirect effects of the regulation have been adequately considered;
- (3) alternative approaches have been considered and the least burdensome of the acceptable alternatives has been chosen;
- (4) public comments have been considered and an adequate response has been prepared;



- (5) the regulation is written in plain English and is understandable to those who must comply with it;
- (6) an estimate has been made of the new reporting burdens or recordkeeping requirements necessary for compliance with the regulation;
- (7) the name, address and telephone number of a knowledgeable agency official is included in the publication; and
- (8) a plan for evaluating the regulation after its issuance has been developed.

(e) Criteria for Determining Significant Regulations.

Agencies shall establish criteria for identifying which regulations are significant. Agencies shall consider among other things: (1) the type and number of individuals, businesses, organizations, State and local governments affected; (2) the compliance and reporting requirements likely to be involved; (3) direct and indirect effects of the regulation including the effect on competition; and (4) the relationship of the regulations to those of other programs and agencies. Regulations that do not meet an agency's criteria for determining significance shall be accompanied by a statement to that effect at the time the regulation is proposed.

Sec. 3. Regulatory Analysis. Some of the regulations identified as significant may have major economic consequences for the general economy, for individual industries, geographical regions or levels of government. For these regulations, agencies shall prepare a regulatory analysis. Such an analysis shall involve a careful examination of alternative approaches early in the decisionmaking process.

The following requirements shall govern the preparation of regulatory analyses:



- (a) Criteria. Agency heads shall establish criteria for determining which regulations require regulatory analyses. The criteria established shall:
- (1) ensure that regulatory analyses are performed for all regulations which will result in  
(A) an annual affect on the economy of \$100 million or more; or (b) a major increase in costs or prices for individual industries, levels of government or geographic regions; and
  - (2) provide that in the agency head's discretion, regulatory analysis may be completed on any proposed regulation.
- (b) Procedures. Agency heads shall establish procedures for developing the regulatory analysis and obtaining public comment.
- (1) Each regulatory analysis shall contain a succinct statement of the problem; a description of the major alternative ways of dealing with the problem that were considered by the agency; an analysis of the economic consequences of each of these alternatives and a detailed explanation of the reasons for choosing one alternative over the others.
  - (2) Agencies shall include in their public notice of proposed rules an explanation of the regulatory approach that has been selected or is favored and a short description of the other alternatives considered. A statement of how the public may obtain a copy of the draft regulatory analysis shall also be included.



- (3) Agencies shall prepare a final regulatory analysis to be made available when the final regulations are published.

Regulatory analyses shall not be required in rulemaking proceedings pending at the time this Order is issued if an Economic Impact Statement has already been prepared in accordance with Executive Orders 11821 and 11949.

Sec. 4. Review of Existing Regulations. Agencies shall periodically review their existing regulations to determine whether they are achieving the policy goals of this Order. This review will follow the same procedural steps outlined for the development of new regulations.

In selecting regulations to be reviewed, agencies shall consider such criteria as:

- (a) the continued need for the regulation;
- (b) the type and number of complaints or suggestions received;
- (c) the burdens imposed on those directly or indirectly affected by the regulations;
- (d) the need to simplify or clarify language;
- (e) the need to eliminate overlapping and duplicative regulations; and
- (f) the length of time since the regulation has been evaluated or the degree to which technology, economic conditions or other factors have changed in the area affected by the regulation.

Agencies shall develop their selection criteria and a listing of possible regulations for initial review. The criteria and listing shall be published for comment as required in Section 5. Subsequently, regulations selected for review shall be included in the semiannual agency agendas.

Sec. 5. Implementation.

- (a) Each agency shall review its existing process for developing regulations and revise it



as needed to comply with this Order. Within 60 days after the issuance of the Order, each agency shall prepare a draft report outlining (1) a brief description of its process for developing regulations and the changes that have been made to comply with this Order; (2) its proposed criteria for defining significant agency regulations; (3) its proposed criteria for identifying which regulations require regulatory analysis; and (4) its proposed criteria for selecting existing regulations to be reviewed and a list of regulations that the agency will consider for its initial review. This report shall be published in the Federal Register for public comment. A copy of this report shall be sent to the Office of Management and Budget.

- (b) After receiving public comment, agencies shall submit their revised report to the Office of Management and Budget for approval before final publication in the Federal Register.
- (c) The Office of Management and Budget shall assure the effective implementation of this Order. OMB shall report at least semiannually to the President on the effectiveness of the Order and agency compliance with its provisions. By May 1, 1980, OMB shall recommend to the President whether or not there is a continued need for the Order and any further steps or actions necessary to achieve its purposes.

Sec. 6. Coverage.

- (a) As used in this Order, the term regulation means both rules and regulations issued by agencies including those which establish conditions for



financial assistance. Closely related sets of regulations shall be considered together.

(b) This Order does not apply to:

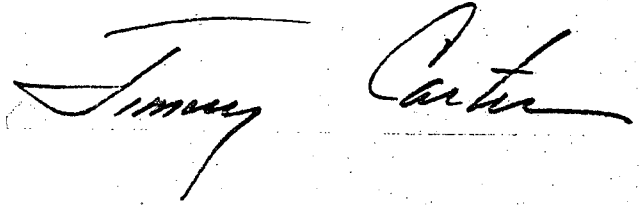
- (1) regulations issued in accordance with the formal rulemaking provisions of the Administrative Procedure Act (5 U.S.C. 556, 557);
  - (2) regulations issued with respect to a military or foreign affairs function of the United States;
  - (3) matters related to agency management or personnel;
  - (4) regulations related to Federal Government procurement;
  - (5) regulations issued by the independent regulatory agencies; or
  - (6) regulations that are issued in response to an emergency or which are governed by short-term statutory or judicial deadlines.
- In these cases, the agency shall publish in the Federal Register a statement of the reasons why it is impracticable or contrary to the public interest for the agency to follow the procedures of this Order. Such a statement shall include the name of the policy official responsible for this determination.

Sec. 7. This Order is intended to improve the quality of Executive Agency regulatory practices. It is not intended to create delay in the process or provide new grounds for



judicial review. Nothing in this Order shall be considered to supersede existing statutory obligations governing rulemaking.

Sec. 8. Unless extended, this Executive Order expires on June 30, 1980.

A handwritten signature in cursive script, reading "Jimmy Carter". The signature is written in dark ink and is positioned to the right of the typed text "THE WHITE HOUSE,".

THE WHITE HOUSE,



1608

THE WHITE HOUSE  
WASHINGTON

March 23, 1978

The Vice President

Stu Eizenstat

Jim McIntyre

Frank Moore

Charlie Schultze

The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.

Rick Hutcheson

cc: Hamilton Jordan  
Jody Powell  
Jack Watson  
Tim Kraft

RE: FARM POLICY



THE WHITE HOUSE  
WASHINGTON  
March 23, 1978

Secretary Bergland

The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.

Rick Hutcheson

RE: FARM POLICY



THE WHITE HOUSE  
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
✓	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
✓		MONDALE
		COSTANZA
✓		EIZENSTAT
	✓	JORDAN
		LIPSHUTZ
✓		MOORE
	✓	POWELL
	✓	WATSON
✓		McINTYRE
✓		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	GAMMILL

✓	KRAFT - <i>top page</i>
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN



THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

March 22, 1978

*ok - Proceed -  
Let Bergland see  
me today if he  
has any question.  
We must be firm -  
Jim willing to veto  
if necessary*

MEMORANDUM FOR:

THE PRESIDENT

FROM:

STU EIZENSTAT  
JIM MCINTYRE, JR.  
CHARLIE SCHULTZE  
FRANK MOORE

*Stu Jim  
J.C.  
F.M.*

SUBJECT:

Farm Policy

In our judgment, there is grave danger that the Administration will lose control of the farm bill which is now in Senate-House conference.

o In unusually fast action, the Senate and House have begun a conference on the Senate-passed bill and a House Committee bill. Chairman Foley agreed to go to conference on the Senate-passed bill without House consideration. The Conference will begin to meet April 3.

o Unless the Administration acts decisively, we believe Foley's initial bargaining position will be the legislation he introduced in the House, that the result will be between the Foley bill and the Senate bill, and that any effort to involve the Administration in a bargaining situation runs too great a risk of implicating the Secretary of Agriculture in a legislative solution that you will be forced to veto.

We believe it is critical to immediately reach a firm Administration position which can be made public together with a strong statement on the inflationary and budgetary impact of the Senate-passed bill. This should be done in such a way as to focus maximum political damage on Dole while protecting Senator Talmadge to the extent possible. We propose the following:

I. Administrative Actions

(a) An Expanded Grain Reserve. This would be achieved by a combination of additional incentives for participation in the program and, if necessary, direct purchase of grain



for CCC ownership. USDA estimates that this could result in an additional 11 million metric tons of feed grains coming into reserve.

This could increase the season average price of corn from \$2.10 to \$2.35. Deficiency payments to feed grain producers therefore would decline, off-setting the higher loan and storage costs. As a result, the proposal would have a negative budget cost. Returns to producers would be modestly higher (\$1.7 billion) than with current policy.

On balance, the expanded grain reserve is not inflationary -- in the short-run there would be a slight price impact but over the longer run it would provide an additional reserve cushion against crop shortfalls and rapid price runups.

(b) Acreage Diversion. In addition to expanded grain reserve, we should undertake a modest paid acreage diversion program for feed grains to remove another 6 to 8 million acres beyond the 15 million acres now expected to come under set-aside. The principal advantages of acreage diversion are:

- o It would make participation in the feed grain set-aside program more attractive, and would remove some marginal acreage from production.
- o There is only a modest budget cost since reduced deficiency payments somewhat off-set the additional diversion payments.
- o Acreage diversion has considerably more political appeal among the farm community than reserves alone since it is a tangible action as opposed to a commitment.

The principal drawbacks to acreage diversion are that it will have a slight inflationary effect (probably less than 0.2% in the food component of the CPI), it will require a considerable administrative effort, and, to the general public, it will say that the government is once again paying farmers not to produce.

However, we believe an initiative such as we have proposed is essential to give you security against a potential veto override. Failure to provide a modest diversion will guarantee a bitter disagreement between the Administration and Senator Talmadge with destructive implications for long-term farm policy. (Charlie Schultze reluctantly agrees to the diversion initiative.)



As stated above, we believe that these initiatives should be announced next week along with a strong attack on the Senate-passed farm bill. Unless prior agreement with Congress has been reached, no mention should be made at that time of possible additional legislative remedies. However, we should be prepared to enter into private discussions which would exempt from our veto threat the following possible legislative initiatives, in return for the guarantee that no other legislative action would be taken.

## II. Legislative Initiatives

As you know, the Administration actions outlined above benefit feed grain producers and do not substantially address the production cost/price squeeze felt by wheat producers. However, these actions will weaken the legislative position of wheat interests and strengthen their incentives to settle for modest relief. Once they lose hope of a veto override they will be forced to come to terms with us. At that time, we would suggest that you be prepared to agree with Talmadge and Foley to a modest increase in the target price of wheat from \$3.00 to \$3.40 for those people who participate in the set-aside. Total budget exposure would be about \$720 million, and there would be no inflationary impact.

The Agriculture Conference Committee should be given a clear choice between a veto, which if sustained would give grain producers nothing, and the real help the Administration is prepared to offer if they join with us.

## III. Other Program and Policy Actions

In his memorandum of March 13, Secretary Bergland identified a list of other program and policy actions that might be taken to help ease the situation. They are detailed at Tab A. Some are mandated by law and must be taken anyway; others are new initiatives. With the exception of a couple reservations noted by OMB and the Vice President's questions about the need for a higher loan rate for soybeans (which we have removed from the list) there is general agreement among your advisors on the desirability of these actions. We recommend that Secretary Bergland be authorized to proceed with their implementation.



#### IV. Final Note

This is a relatively high risk strategy. If successful, we will avoid a farm bill veto this year, and maintain the basic structure of our farm bill for the future.

If unsuccessful, we will be forced to veto a farm bill, and at worst could be overridden. However, the administrative actions we propose will strengthen your hand should a veto be necessary.

If you approve this strategy, the Vice President will meet with Chairmen Talmadge and Foley to outline the administrative actions we intend to take and to explain our opposition to the Senate-passed bill. If the Chairmen agree to the actions we propose to take and will agree to a conference committee bill consistent with those actions, we will offer to work jointly with them in announcing and implementing these actions. However, if we fail to reach this agreement, we will decline to participate in the conference and will prepare for a public announcement early next week explaining the administrative steps we are taking and our strong opposition to the Senate bill.

*Talk to him*

Agree ✓

Disagree \_\_\_\_\_





TAB A

Program and Policy Actions

o To help ease credit conditions in the farm community, we plan to (1) support legislation for an economic emergency loan program, and (2) seek quick Congressional approval to permit negotiated interest rates on guaranteed farm loans and increases in the maximum amounts that can be loaned for farm ownership and farm operating purposes.

o Publicize the fact that authorities in the 1977 Act permitting purchases of commodities for use in disaster areas, or for providing financial assistance for feed supplies, are available to help farmers who suffer a natural disaster.

o Encourage the Congress to move quickly to authorize our recent proposal for an International Emergency Wheat Reserve.

o Purchase wheat for the International Emergency Reserve as soon as the farmer-owned reserve is filled.

o Allow wheat producers to graze wheat already planted instead of harvesting it for grain (producers still get a payment but forego the target price payment).

o Announce the 1978 crop rice program target price and loan levels, and that there will be no set-aside for 1978 crop rice; if rice production is in excess of requirements, the excess will be added to the food grain reserve.

o Announce an increase in the milk price support effective April 1 (mandated by the 1977 Act), and stress that aggressive sales efforts are being made to move non-fat milk into market channels.

o Announce an expanded grain reserve program.

o Undertake a modest paid acreage diversion program for feed grains.

o Continue an aggressive agricultural export promotion program.



THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

March 23, 1978

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MEMORANDUM FOR THE PRESIDENT

FROM:

BOB LIPSHUTZ

MARGARET MCKENNA

*Bob Lipshutz*

SUBJECT:

North Dakota Law Suit Injunction  
on Transmitting Water Policy

On Tuesday morning the Justice Department argued this case before the Eighth Circuit Court of Appeals. The Court ruled in favor of the Justice Department, ruling from the bench and vacated the preliminary injunction previously issued by the District Court judge. However, the Circuit Court stayed it's Order for two days to allow an appeal. The Supreme Court today refused to extend the stay.

Therefore, these water policy documents and recommendations can be forwarded to you by Secretary Andrus, Jim McIntyre and Charles Warren.

cc: Secretary Cecil Andrus  
Jim McIntyre  
Charles Warren



3-23-78

To Mike Blumenthal

I agree - What

Can we do?

J.C.



Internal Revenue Service  
**memorandum**

date: December 20, 1977

to: Marvin M. Tate

from: Chief, Field Branch #1

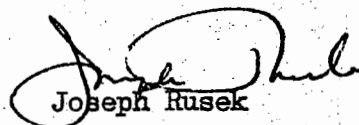
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subject: Employee Suggestion No. IR-55-C-78-07

Thank you for your suggestion that self-employed taxpayers not be given credit for social security in those years where they have not paid the self-employment tax and where the tax is subsequently reported as uncollectible.

Your suggestion can not be recommended for adoption since the change recommended cannot be implemented administratively under current procedures. Procedures contained in Manual Supplement (11)(11)-2 and RC-MA Memorandum No. (11)(11)-1, Rev., Regional Technical Coordinator Program, Referral of Selected Reports for Commissioners Consideration, dated April 7, 1971 are appropriate for presenting this information or related developments relative to significant tax abuses, inequities and administrative problems resulting from existing statutes and regulations. The procedures contained in these documents should be utilized to bring the information contained in your suggestion to the Commissioner's attention for his consideration.

Thank you for your interest in the suggestion program and please continue to give us the benefit of any future ideas that you may have.

  
Joseph Rusek



THE PRESIDENT HAS SEEN.

THE WHITE HOUSE  
WASHINGTON

March 23, 1978

MEMORANDUM FOR THE PRESIDENT

FROM BOB THOMSON

Bob

THROUGH FRANK MOORE

RE: Senator Stone

Senator Stone stopped me at 6:00 p.m. tonight in the Foreign Relations Committee Room and gave me the following summary of his efforts to wrap up a Middle East peace agreement this afternoon. The discussion may be of interest to you, because it sheds light on how the Israelis are interpreting the Begin-Carter discussions to American Jewish leaders.

Stone thinks you made a peace proposal to Begin. The substance of that proposal, in Stone's eyes, is contained in the attached transcript of his notes from today's breakfast meeting. Stone says the proposal, rejected by Begin, is a reasonable one.

Stone called Simcha Dinitz this afternoon urging flexibility and threatening to issue a statement condemning Israel's intransigence. Dinitz urged Stone to wait until he could talk to Begin.

Later in the afternoon, Dinitz returned Stone's call, saying the "proposal", as explained by Stone, was never presented as such by you to Begin. Dinitz claimed you presented the elements of the proposal to Begin sprinkled throughout a wide-ranging conversation, and never as a cohesive proposal for a settlement. Dinitz implied that Begin would not have taken such a negative attitude on the six follow-up questions if he had understood you had first proposed a cohesive plan for a settlement.

Dinitz said that if such a proposal were presented as a package, it could be considered by Israel and could, with some alterations, be considered as a basis for further negotiations.



Stone, of course, was greatly heartened by all this and was trying to make the case that the ball is now back in your court. Dinitz promised Stone to communicate the above to Secretary Vance this afternoon.

cc: Zbigniew Brzezinski  
Hamilton Jordan



PRESIDENT CARTER'S MEETING WITH  
SENATE FOREIGN RELATIONS COMMITTEE ON  
MARCH 23, 1978

*Specific assumptions based on which he asked certain concessions*  
President Carter told the Senate Foreign Relations Committee that he made a ~~specific peace proposal~~ to Prime Minister Begin as follows:

*Full withdrawal would not be required*  
The U.S. would approve of, and obtain the approval of Sadat for, a West Bank-Gaza entity which would never evolve into an independent Palestinian state. There would be a 5-year transition period. During that period Israel would phase-out military occupation to a certain degree - but not completely. An "adequate" number of security outposts would remain along the Jordan River and other strategic points *for 5 years + a period thereafter which would be negotiable*. ~~perpetuity~~ Additionally, during the transition period, immigration and security questions would be subject to Israel's veto (i.e. unanimous consent). The participants in these regions would be the West Bank and Gaza residents, Jordan, and to some extent Egypt. All local affairs would be under autonomous self-rule - except for ~~police and~~ security controls which will remain under Israel. There would be a three-way option after 5 years: The residents could choose to retain their local autonomy or affiliate with either Jordan or Israel, at the end of the transition period (5 yrs.) Israel would withdraw its military forces ~~in part but not completely~~, *as negotiated*, the area would be permanently demilitarized and border rectification will be open for negotiation. In particular, the wasteland of Israel will be straightened out.

The President stated that a regional economic support plan would go into effect involving the U.S., Saudi Arabia, France and Germany with Jordan, Egypt and Israel. Carter has commitments from all of these countries to enter into this plan

*strictly confidential*  
There is reason to believe that Sadat will sign a separate agreement with Israel based on this plan - even without Hussein.

*and on the basis of assumption*  
In return, Carter asked Israel to agree to certain conditions which (President Carter told the Committee this morning) Israel has so far flatly ~~denied~~ *refused* to do.

1. Israel will not put a freeze on new or expanded settlements in the West Bank. It does agree to freeze new settlements in the Sinai, although it does not agree not to expand those settlements.



2. Israel will not give up any existing Sinai settlements.

3. Even if the Sinai settlements could be arranged to be continued, Israel will not permit protection of those settlements by either Egypt or the U.N.

4. Even with the security outposts as described above, Israel refuses to commit to withdraw from the West Bank or Gaza at any time in the future.

5. Israel refuses to acknowledge that Resolution 242 applies on all fronts and specifically refuses to agree that it applies to the West Bank or Gaza.

6. Israel will not agree to give the residents of the West Bank or Gaza the choice of three options mentioned above at the end of the transition period.



Stone Statement - threatened

very  
constructive  
proposals

Don

Says ~~refers~~ proposals were entered in  
isolated discussions - not altogether  
as package - not presented as later  
proposal - just discussions - points over time

---

Wm should ask C to make such a proposal as

package - won't regret it

- take to cabinet

- reworked - constructive proposal



THE WHITE HOUSE  
WASHINGTON

These were on your  
desk from Thursday's schedule/  
briefing material.



8:45 AM

MEMORANDUM

THE WHITE HOUSE  
WASHINGTON

March 22, 1978

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR: THE PRESIDENT

FROM: ZBIGNIEW BRZEZINSKI 28.  
FRANK MOORE PM

SUBJECT: Meetings with the HIRC and SFRC on  
the Middle East Arms Package

You have agreed to meet with SFRC and other Senators on the Middle East arms package to explain the Administration's case before Members depart for the Easter recess. Since the list of those to be invited includes opponents as well as supporters, we should try to anticipate likely opposition tactics. Following is a discussion of some of the issues which might arise.

1. Timing

It is now very clear that the opposition wants to delay. They will seek to build a consensus to pressure the Administration to withhold the formal notification until as late as possible in this election year. We must hit this issue very hard and explain that the delay to date has already been excessive.

Israel and Saudi Arabia must gain commitments now in order to reserve places on the production line. Both countries have obsolescing aircraft which must be replaced -- in 1981 and 1982 -- when these aircraft are now scheduled for delivery. If we do not decide this matter in the very near future, Saudi Arabia and Egypt will be forced to go to other sources.

As you know, Senator Byrd has announced publicly that Secretary Vance has agreed to withhold the submission of the formal notification until the final vote on the Panama Canal Treaty. This should be cited as part of the Administration's effort to assure that Congress has adequate time to review this important package. Initially we delayed the submission of the informal notification because of a Congressional recess and, subsequently, we agreed not to submit the formal notification until after the Easter recess. This means that, instead of having the normal 50 days to consider this package, Congress will have almost 100.

Having gone so far in an effort to accommodate Congressional concerns over timing, you should make it clear that we will not unduly delay the submission of the formal

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notification and that we would expect this matter to be finally resolved sometime in May.

2. Compromise

We are beginning to hear proposals for compromise from both opponents and supporters of the package. In dealing with Members who make such proposals, consider the following:

- Any indication that the Administration is actively exploring compromises would ripple throughout Congress as an indication that you are not going to hang tough.
- The door should not be closed on reasonable proposals which may enable certain Members to support us in the end. You should indicate that you are aware of the concern of Israel's supporters on the Hill, while making it clear that you do not feel that the sale of F-15s to Saudi Arabia endangers Israel.
- You should come down very hard on any proposal which we know now would be totally unacceptable to the prospective recipient governments, reminding the Members that we are dealing with proud, sovereign nations.

3. The Package

Some Members are offended by the "package" approach and others are worried that you will not "hang tough" on it. The best approach here would be to reaffirm that we will withdraw the package if one of the parts is defeated, while acknowledging that Congress has a right to consider the three sales separately. The package should be explained as a natural outgrowth of our concern for the military balance in the region and our desire to maintain the role of the United States as a trusted intermediary in the peace process.

Discussion of the package will provide an opportunity to discuss the dire consequences of a defeat of one part of the package, i.e., the F-15 sale. The Saudi role in the peace process should be emphasized. You should discuss the military options available to Saudi Arabia -- to purchase the Mirage F-1 attack bomber from France -- if the F-15 sale is defeated. This, you should observe, would be more threatening to Israel since there would be no restrictions imposed on the use of the F-1 as would be the case with the U.S. F-15.



POSITIONS OF SENATORS ATTENDING MEETING

We do not have a firm reading on all of the Members, but offer the following on their current thinking.

Senator Sparkman - The Chairman assured us again on Friday that he will support the sale in spite of some questions in his mind when he learned that the Saudis were financing the PLO.

Frank Church - He has said he will keep an open mind on the package, but he is under intense pressure to oppose the Saudi sale. He wants to join Javits in an effort to reach a compromise with the Administration.

Claiborne Pell - He opposes arms sales in general and will oppose the Arab sales.

George McGovern - We believe McGovern will support the package in spite of his dislike for arms sales in general. McGovern was formerly Chairman of the Middle East Subcommittee of the SFRC so is knowledgeable about the area and familiar with the politics of the issue.

Dick Clark - Clark is on the fence and feeling pressure in his reelection bid. Clark is opposed to arms sales in general, but may be willing to agree that Congress should approve the whole package or nothing. We would not expect him to take a leading role on this issue, but we do need his vote.

Senator Byrd - He has talked with the Secretary at least twice concerning the proposed sales. He has insisted being able to control the timing of the submission of the formal notification. The Secretary has promised to consult with him.

Senator Cranston - He is usually an opponent of arm sales, and a strong supporter of Israel. His staff has asked for a great deal of material and has indicated that he is studying the package carefully.

Senator Culver - He is also a traditional opponent of arm sales of all kinds, but he has said that in this case he will keep his mind open. It will be very significant to have Culver join in support of this package.

Senator Hart - From his liberal mold, Hart is also usually against weapon sales, but he will support the Administration on this package, and may be willing to work with us with colleagues.

Senator Stevens - He is a conservative Senator on military matters, and does not have a large Jewish constituency. He is therefore likely to support us. (We have no direct indication of this.)

Senator Humphrey - We have not talked with Mrs. Humphrey about the package, but her staff has persuaded her so far not to take a position against the Arab sales.



Joseph Biden - Biden has told us that he does not feel that he will be able to support the Administration's package.

John Glenn - Glenn is presently inclined to support the package. He has studied our material, listened to Prince Turki, and has credibility with the Committee on matters concerning military aviation.

Richard Stone - Stone is strongly opposed to the Saudi sale, and has expressed concern about the Egyptian sale. He has mentioned the possibility of compromise but will undoubtedly demand too much.

Paul Sarbanes - Sarbanes also can be expected to oppose strongly the F-15 sale.

Clifford Case - Will be one of the strongest opponents of the Saudi sale, but he has given some hints of seeking an accommodation with the Administration. Again, he will demand too much.

Jacob Javits - Javits is the most likely Senator to put together a sensible compromise package that would attract a majority of the Committee. He has told Department officials on at least two occasions that such a package is being prepared. He will be reasonable but forceful in demanding that we compromise.

James Pearson - Pearson is normally opposed to arms sales but could be persuaded that this package will enhance peace prospects and contribute to U.S. interests. Could be a key vote.

Chuck Percy - Percy is formally uncommitted, but is privately prepared to support the package. We do not expect Percy to play a public role in support of the package, but his vote will be important.

Robert Griffin - We would have expected Griffin to be with us on this unless he is involved in some political recalculations since he decided to jump back into the Senate race. We still think he should be with us on this issue in spite of his role in the Panama debate.

Howard Baker - Baker told the Memphis press this week that he favored all three parts of the sale, and he is not opposed to the idea of a package. He is concerned about the timing, however, and will not commit himself to vote for the package until very close to the last minute.



TALKING POINTS: ARMS SALES PACKAGE

The following points are arranged to respond to the questions most often asked about the arms package.

1. Will this sale impede the peace process?

Obviously, we would have preferred to make no arms sales to the Middle East during this delicate and crucial period. However, it became evident that the absence of a decision on these sales--some of which had been pending for more than two years--would in fact have adversely affected the peace process. The absence of a decision would itself have been viewed as a form of political pressure or as indicating a lack of trust on the part of the United States, at a time when the active cooperation of all parties in the Middle East dispute was most critically needed.

2. Will Saudi Arabia use these planes against Israel?

There is no way either we or Saudi Arabia can give an absolute assurance that the planes will never be used against Israel. However, the best way to insure that Saudi Arabia continues to play a moderating role and avoids active participation in any conflict between the Arab states and Israel is to retain our own close working relationship. We have a long-standing commitment to Saudi Arabia to sell them a replacement aircraft for their aging Lightnings. If we refuse to stand by that commitment, it will not only be a blow to our overall relationship, but it will also drive the Saudis to turn to the French or other sources for advanced aircraft. In that case, we will have no control over their use.

3. Will this sale tip the military balance against Israel?

The sale of these aircraft is not a shift in the military balance of power in the Middle East. Israel today is stronger and militarily more secure than at any time in the entire 30 years of its history. The 90 advanced aircraft that we propose to sell to Israel in this latest decision will insure that Israel's air force remains modern and strong through the 1980's. We have examined this question very carefully, for I take the U.S. commitment to the safety and security of Israel with the utmost seriousness. Every study we have done shows that the balance of power will remain with Israel for the foreseeable future. In fact, this sale may result in a marginal increase in Israel's superiority due to the greater numbers and capability of the planes being sold to Israel.



4. Can the F-15 be termed a "defensive" aircraft?

The F-15 was designed by our Air Force around its very sophisticated and long-range radar which makes it an excellent aircraft for long-range air intercept and air defense. This is why the Saudis want it. It fills a gap in their own radar and missile defenses without building a string of new bases in the desert. The Saudis do not have the people to man a complex series of air defense bases, and the F-15 provides an effective substitute. The F-15 can be configured to drop bombs, but it makes no sense to purchase it for that purpose since you can buy two F-16s for the price of one F-15, and the F-16 is designed as an attack aircraft. The Saudis have said that they do not want the specialized bomb racks and other equipment which would make the F-15 an attack bomber, and we have no intention of selling them this equipment.

5. Is the base at Tabuk an indication that Saudi Arabia intends to participate against Israel militarily?

Saudi Arabia's main army bases are scattered out in the corners of the country where attacks might come from. Tabuk is in the northwest (near the Israel/Jordan border), Khamis Mushayt is in the southwest (near Yemen), and a new base at al-Batin is in the northeast (near Iraq). In the southeast they are protected by the trackless wastes of the Empty Quarter. Tabuk is on the classic invasion route used by the Turks in the 18th Century and where Lawrence of Arabia was active against the Hejaz Railway in World War I. The Saudis have had an army camp at Tabuk since World War II. They only placed fighter aircraft there recently in response to Israeli overflights--including at least one where the plane dropped its fuel tanks on the Saudi runway. The Saudis have told us that they do not intend to station the F-15 at Tabuk.

6. How can you treat these as a "package" when the law makes no provision for treating separate arms sales that way?

We are not treating these sales as a package in any legal sense. Rather, we simply recognize that they are inextricably interrelated with one another. By treating them as a package, we recognize that the cooperation of all three of these states will be essential to achieve a peace settlement and that our own effectiveness relies on their continued willingness to work with us. A sale to any one of the parties alone would be seen as a political signal, or as political pressure, and would undercut our credibility with the other parties involved. They are linked politically, not legally.



7. Is the F-15 sale to Saudi Arabia related to their oil policy?

Our relationship with Saudi Arabia has many dimensions. Security is a major element, oil is another major element, finance is a third, and others include commercial relationships, foreign policy interests, trade, U.S. business activity overseas, and many others. At the moment, our overall relationship in all of these different areas is quite good, and the good relations in one area reinforce those in another. Our security commitment to sell the F-15 is an extremely important part of our security relationship. Our failure to fulfill that commitment would surely have an impact on our relationship as a whole. However, I think it would be wrong to suggest that a refusal to sell the F-15 would result in an immediate turnaround by Saudi Arabia on oil prices or production. One could only say that their interest in cooperating with us would be somewhat less than it is today.

8. Can you suggest a possible compromise which might speed up the passage of this sale?

We looked long and hard at this package before it was announced publicly, and we believe it is very delicately balanced. Any attempt to change that balance is going to have political and military repercussions. Talk of a compromise at this stage, before there have even been any hearings, is premature and, in my view, unnecessary.

9. How do you respond to the allegation that Saudi Arabia provides financial support to the PLO (specifically Al Fatah)?

Saudi Arabia, like all Arab countries, has given support to the Palestinians. It should be noted, however, that the Saudis, having been victims of terrorism themselves, have consistently spoken out against terrorism. In fact, they have wanted to encourage moderate elements within the PLO. (We understand that they are concerned about the activities of splinter groups.) We have spoken to the Saudis about their moderating role, and we believe that the influence they can exert upon the PLO will be much more effective than any mechanism available to us.

Finally, one should bear in mind the possibility that alienated and increasingly anti-American Saudis would probably have the opposite of a moderating effect on the PLO from a cooperative Saudi Arabia.

10. How do you answer the allegation that U.S. weapons in Saudi possession have been illegally transferred to Somalia and have been found in Southern Lebanon?



We have seen reports of such transfers but they are unconfirmed. We are looking into it and have asked the Saudis to do the same.

10. Will the Saudis buy additional planes from the French even if we sell them our planes?

They have told us they have no intention of purchasing additional aircraft from the French if they receive the 60 F-15s.

The Saudis would not have the manpower necessary to absorb more aircraft. In fact, they chose the F-15s to overcome their manpower deficiencies.

Furthermore, we must keep in mind that our political relationship with the Saudis is at stake. Is it in our national interest not to have it?



~~SECRET~~



THE PRESIDENT HAS SEEN  
THE SECRETARY OF THE TREASURY  
WASHINGTON 20220  
March 21, 1978

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MEMORANDUM FOR THE PRESIDENT

Subject: Prime Minister Callaghan's Forthcoming Visit

I have just seen Prime Minister Callaghan's March 16 letter to you and his accompanying proposal for a five-part "package" agreement among the major countries as a means of restoring confidence in international economic leadership.

Callaghan's call for commitments to take specific measures on growth looks reasonable, although his proposal that we jointly pressure Chancellor Schmidt to commit before mid-May on further stimulus measures would go beyond the recent U.S. agreement with the Germans and is unlikely to be accepted by Schmidt. Callaghan's points on long-term capital flows, energy and trade seem generally unobjectionable, although I do not find anything new in them likely to have much impact.

The new significant proposals are in Callaghan's fifth point -- "currency stability." I strongly advise that we not commit ourselves to the actions in the currency area which he proposes. Unless tailored carefully, they could start us down a road back toward fixed exchange rates, which in turn could place a strait jacket on U.S. domestic economic policy and create huge exchange losses for us if the dollar were to weaken further.

If we act on the fundamentals, particularly energy and price stability, the exchange markets will take care of themselves. If we fail to do so and a major crisis becomes imminent, we can re-examine the feasibility of multilateral currency operations. But implementation of any such scheme should begin with the Germans, and perhaps the Japanese, not the British. I therefore believe that you should make no commitment to Callaghan.

~~SECRET~~

Jeff 5/1/90



SECRET

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I think it is also extremely important that you reject Callaghan's proposals for longer term reform of the international monetary system. New authority for the International Monetary Fund, agreed upon two years ago, will become effective in the next few weeks. These new IMF provisions will provide the right framework for the improved management of the system which is needed. Callaghan's proposals raise major substantive problems but, beyond that, any proposal to reopen long-term system questions at this time of currency instability would be very disruptive and damaging to world confidence.

I will provide you with additional material on the Callaghan proposals before your meeting Thursday, but I wanted to let you know now of my concerns about his currency proposals.



W. Michael Blumenthal

CLASSIFIED BY W. Michael Blumenthal  
SUBJECT TO GENERAL DECLASSIFICATION  
SCHEDULE OF EXECUTIVE ORDER 11652  
AUTOMATICALLY DOWNGRADED AT TWO  
YEAR INTERVALS AND DECLASSIFIED  
ON DEC. 31 1984

SECRET



ID 781519

THE WHITE HOUSE

WASHINGTON

DATE: 21 MAR 78

FOR ACTION:

~~SECRET~~

INFO ONLY: ZBIG BRZEZINSKI

SUBJECT: SECRET BLUMENTHAL MEMO RE PRIME MINISTER CALLAGHAN'S  
FORTHCOMING VISIT

+++++  
+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +  
+ BY: +  
+++++

ACTION REQUESTED:

STAFF RESPONSE: ( ) I CONCUR. ( ) NO COMMENT. ( ) HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:

DECLASSIFIED  
E.O. 12958, SEC. 3.4(b)  
WHITE HOUSE GUIDELINES, FEB. 24, 1993  
BY Jay NARS, DATE 3/9/90